

**AGENDA ITEM**  
**CITY COUNCIL MEETING DATE - AUGUST 19, 2014**  
**BUSINESS ITEMS**

**DATE** : August 13, 2014

**TO** : City Manager

**FROM** : Economic Development Manager

**SUBJECT** : **ADOPTION OF RESOLUTION APPROVING A TWO-YEAR EXPENDITURE PLAN FROM PROCEEDS OF MEASURE C**

**RECOMMENDATION:**

Adopt the resolution establishing a two-year expenditure plan from proceeds of Measure C.

**EXECUTIVE SUMMARY:**

On July 28th the City Council adopted a resolution to place on the November ballot a revenue measure to raise the local transaction and use sales tax by one cent. If the measure is successful it would go into effect on April 1, 2015 and is projected to generate approximately \$3.7 million annually. As a general purpose tax, the City Council would allocate the proceeds of the tax during the City's bi-annual budget adoption process. The purpose of the proposed resolution is to establish an expenditure plan for the City Council to consider during the FY 2015-17 budget adoption. The purpose of approving an expenditure plan for Measure C is to articulate the City Council's commitment to address the citizen's priority service areas as identified in the community survey that include maintaining existing services and investing in projects that improve public safety, parks and roads.

**BUDGET INFORMATION:**

The proposed, locally-enacted sales tax measure of one cent is projected to generate approximately \$3.7 million in revenue to support local needs that cannot be taken away by the State.

**STRATEGIC PLAN:**

Relevant Strategic Plan Goals and Strategies:

- Strategy Issue #3: Strengthening Economic and Fiscal Conditions
  - Strategy #4: Manage City finances prudently

**BACKGROUND:**

Over the past few months City staff has presented information on the City's 10-year general fund forecast and most recently a community survey where

residents noted their high satisfaction with the City and a strong willingness to support a one-cent sales tax increase. The overarching message in those studies was that despite all the actions the City has already taken (employee reductions and maximizing City revenue from City owned property), the City's future revenue will be outpaced by expenditures.

In order to address these challenges, following adoption of the 2013-15 budget, the Council directed staff to develop a budget stabilization plan. In the subsequent months, staff has been working on initiating a Sustainable Community Services Strategy (SCSS), which will help prepare the organization to take the necessary steps to create a more fiscally sustainable City with the necessary resources to provide services most valued by the community.

In June of this year, as part of the SCSS process, the City commissioned a customer satisfaction survey that asked residents what their priorities were. A random sample of 400 respondents gave the City very high job and customer satisfaction ratings for the quality of life services it provides, and more than two-thirds of respondents indicated their strong feelings about protecting Benicia's status as a full-service city, including the small town quality of life services the community expects, such as improving public safety and city streets, maintaining parks, trimming trees, supporting the historic downtown and community events, attracting new businesses, and creating jobs.

Furthermore, constituents expressed concern about the fact that many of our streets have cracked or buckled sidewalks, or no sidewalks at all, potholes and other challenging driving conditions. Additional funding is needed to fix these road conditions and maintain 94 miles of city streets and roads so motorists, pedestrians, buses, cyclists and police and fire safety vehicles are sound. Providing funding to maintain the City's 31 local parks was also identified as a priority by 70% of respondents.

Based on the results of the survey, staff recommended and the City Council approved the consideration of a one-cent sales tax measure on the November ballot. If approved, the proceeds would be used to maintain those services that help to shape and create Benicia's quality of life. Specifically the ballot measure, Measure C, reads as follows:

*To maintain Benicia's status as a full-service city, improve/maintain Police patrols, fire/9-1-1 response times; road conditions; pothole repair; clean water; storm drains to protect the Carquinez Strait; business attraction/job creation; park maintenance; other city services, shall the City of Benicia enact a one cent sales tax with authority to incur bonded indebtedness to accelerate infrastructure projects, requiring independent audits, Citizens' Oversight, all*

revenue for Benicia, none for Sacramento?

To demonstrate the City Council's commitment to address the communities priorities set forth in the ballot language, staff recommends establishing an initial two-year expenditure plan for the proceeds of Measure C. Based on the findings of the 10-year Fiscal Projection, staff projects that of the estimated \$3.7 million to be generated by the sales tax each year a minimum of \$1.7 is needed for the City to be able to maintain existing service levels. In order to address the other priorities identified by the citizens in the Community Survey, staff is recommending the remaining \$2 million be invested in unmet capital projects and infrastructure needs.

The following recommended project list is a result of taking top priorities identified in the Community Survey, (Public Safety, Parks and Roads), and juxtaposing them with the City's existing capital improvement projects lists from the various City departments. Utilizing an estimated \$2 million annual allocation from Measure C, 12 projects/needs were identified as listed below. The following are the project item, its estimated cost and recommend year of initiation:

**Year 1: FY 2015/2016**

Item	Estimated Cost
<b>Police/Fire Dispatch Project:</b> Replace outdated Police/Fire computer aided dispatch and record management system	\$400,000
<b>Fire Equipment:</b> Add Type III "Wildland" Fire Engine	\$292,000
<b>First Street Waterfront Promenade Railing Project:</b> Replace damaged First Street promenade safety railing	\$150,000
<b>Community Park Playground Project:</b> Replace obsolete Community Park Playground Equipment	\$200,000
<b>Benicia Middle School Road Project:</b> Repair and asphalt overlay Southampton Road from Panorama along the frontage of Benicia Middle School to Hastings Drive. Construct safety crossing improvements for Benicia Middle School	\$500,000
<b>Industrial Park Road Project:</b> Engineering plans and specifications for patch and asphalt overlay project on Industrial Way from Teal to Lake Herman Road	\$50,000
<b>Downtown Sidewalk Repair Project:</b> Repair sidewalks in Downtown Commercial District	\$100,000
<b>Pothole &amp; Resurfacing Project:</b> Repair 250 damaged sections of	\$200,000

roads (potholes/resurfacing) throughout the City	
<b>Storm Water Management &amp; Flood Mitigation Plan:</b> Develop a plan to address the City's storm water management and flood prevention	\$100,000
<b>Total:</b>	<b>\$1,992,000</b>

### Year 2: FY 2016/2017

Item	Estimated Cost
<b>Police Equipment:</b> Replace outdated police radios	\$80,000
<b>Fire Equipment:</b> Replace Type I Fire Engine	\$448,491
<b>James Lemos Swim Center Repair Project:</b> Repair Pool Deck and Restrooms	\$400,000
<b>Industrial Park Road Project:</b> Patch and asphalt overlay on Industrial Way from Teal to Lake Herman Road	\$1,000,000
<b>Total:</b>	<b>\$1,928,491</b>

While the intent of the proposed resolution is to provide voters a measure of assurance as to the appropriation of the proceeds from the first two years of the sales tax, the actual adoption and allocation of said funds would officially occur when the City Council adopts the next two-year budget in June of 2015. If the City Council approves the proposed resolution, the recommended items could be delineated and described in information material sent to the public prior to the November election.

It is also important to acknowledge that if the sales tax measure is not successful the recommend projects would be delayed, possibly indefinitely. Additionally, the City Council would need to address the pending \$1.5 - \$1.7 million deficit, likely resulting in service cuts.

Attachment:

- Proposed Resolution

**RESOLUTION NO. 14-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA APPROVING A TWO-YEAR EXPENDITURE PLAN FROM PROCEEDS OF MEASURE C “THE BENICIA QUALITY OF LIFE MEASURE”**

**WHEREAS**, in June of 2014 the City commissioned a professionally conducted, statistically valid telephone survey of the community; and

**WHEREAS**, the survey identified community priorities which among other things included maintaining and improving services in public safety, parks and roads; and

**WHEREAS**, on July 28, 2014 the City Council held a public hearing and adopted an Ordinance adding Chapter 5.07 to the Benicia Municipal Code imposing a one cent transactions and use tax for general purposes subject to the approval of the voters; and

**WHEREAS**, the proposed one cent transaction and use tax has been labeled Measure C for the November 4<sup>th</sup> ballot; and

**WHEREAS**, the City Council desires to establish an expenditure plan highlighting projects and needs that would be addressed if Measure C succeeds; and

**WHEREAS**, the purpose of approving an expenditure plan for Measure C is to articulate the City Council’s commitment to address the citizen’s priority service areas as identified in the community survey that include maintaining existing services and investing in projects that improve public safety, parks and roads; and

**WHEREAS**, the recommend Measure C Two-Year Expenditure Plan includes maintaining City services as well as investing in the following infrastructure/needs projects:

- Police/Fire Dispatch Project
- Fire Engine Replacement
- Police Radio Replacement
- First Street Waterfront Promenade Railing Project
- Community Park Playground Project
- Benicia Middle School Road Project
- Industrial Park Road Project
- Downtown Sidewalk Repair Project
- Pothole & Resurfacing Project
- Storm Water Management & Flood Mitigation Plan
- James Lemos Swim Center Repair Project

**NOW, THEREFORE, BE IT RESOLVED THAT** the City Council of the City of Benicia approves the recommended Measure C Two-Year Expenditure Plan.

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On motion of Council Member \_\_\_\_\_, and seconded by Council Member \_\_\_\_\_, the above Resolution was introduced and passed by the City Council of the City of Benicia at a special meeting of said Council held on the 19<sup>th</sup> day of August, 2014, and adopted by the following vote.

Ayes:

Noes:

Absent:

\_\_\_\_\_  
Elizabeth Patterson, Mayor

Attest:

\_\_\_\_\_  
Lisa Wolfe, City Clerk

\_\_\_\_\_  
Date